

Senate Bill No. 423

CHAPTER 694

An act to add Section 10506.5 to the Insurance Code, relating to insurance, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 25, 2000. Filed
with Secretary of State September 27, 2000.]

LEGISLATIVE COUNSEL'S DIGEST

SB 423, Johnston. Life insurance: guaranteed living benefits.

Existing law provides for the licensing and regulation of life insurers by the Insurance Commissioner, and in that regard, provides that certain types of insurance policies may be issued and delivered in this state.

This bill would authorize a life insurer to deliver or issue for delivery variable contracts or riders to variable contracts containing guaranteed living benefits, as defined, under certain conditions.

This bill would declare that it is to take effect immediately as an urgency statute.

The people of the State of California do enact as follows:

SECTION 1. Section 10506.5 is added to the Insurance Code, to read:

10506.5. (a) For the purposes of this section, "guaranteed living benefit" means a benefit in a variable annuity or a variable life insurance contract providing that one or more benefit amounts available to a living contractholder, under specified conditions, will be enhanced should it fall below a given level, in the absence of the guaranteed living benefit.

(b) An insurer may deliver or issue for delivery contracts containing, or riders to variable contracts providing, guaranteed living benefits if all the following requirements are met:

(1) The insurer is authorized to deliver, or issue for delivery, variable insurance products in this state.

(2) The insurer meets the requirements of paragraph (1) of subdivision (d) of Section 10506.4.

(3) The commissioner has issued a bulletin setting forth the terms and conditions under which variable contracts containing or riders to variable contracts providing guaranteed living benefits may be issued or delivered in this state.

(4) The variable contract or rider meets the terms and conditions for guaranteed living benefits established by the commissioner and

set forth in the bulletin described in paragraph (3) and the insurer desiring to issue the variable contract or rider has satisfied the requirements set forth in Section 2529 of Title 10 of the California Code of Regulations.

(c) The bulletin described in paragraph (3) of subdivision (b) may include provisions covering requirements similar to those included in subdivision (f) of Section 10506.4. The bulletin shall have the same force and effect, and may be enforced by the commissioner to the same extent and degree as regulations issued by the commissioner until the time that the commissioner issues additional or amended regulations pertaining to guaranteed living benefits.

(d) An insurer may not deliver or issue for delivery variable contracts containing, or riders to variable contracts, providing guaranteed living benefits except pursuant to this section. No policy, contract, rider, or agreement that constitutes investment return assurance pursuant to Section 10203.10 or 10507, or guarantee pursuant to Section 10506.4, may be issued pursuant to this section.

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order for consumers to receive the benefits of the insurance contracts authorized by this act on a timely basis, it is necessary that this act take effect immediately.

